Subject: 1995 Value-Added Program

We are pleased to announce the continuance of our Value-Added Program for 1995. Using resource that are largely already in place, direct accounts can earn additional revenue by performing a valuable service for us. This program benefits our field sales force by freeing it from the time and effort involved in assembling and delivering promotions they have sold to retail. However, the promotions involved are not intended to be additional selling tools for direct accounts. Our sales representatives will sell in all promotions at retail and will specify where and when they are to be delivered.

In order to improve our accuracy and effectiveness; and, ensure fairness to all customers, we want to restate our "Policy and Procedures" regarding the Program.

1. Direct account will receive a specified payment from RJR -- to assemble and deliver specific promotional product to identified retail accounts.
2. Value Added (retail account) distribution lists will be provided each month for each promotion.
3. Direct accounts MUST advise RJR management (manager contacting you) on any retail location refusal -- each month.
   The RJR manager will, in turn, contact the sales representative responsible for calling on identified retail account(s) to re-confirm Value-Added status with the (retailer must accept all promotions per month without refusal) -- which will result in either reconfirmation or deletion of retail account from Value Added list.
4. All promotions will be ordered the last "2 weeks" of each month to enable shipment to retail the first week of the next month.
5. Due to "rounding" of cases on BSGSF Promotions, it will be the responsibility of RJR management to dispose of excess promotions, i.e., sales rep pick-up, prebooking, etc.
6. If any overage or refusals are incurred, it is the responsibility of RJR management to sell or disassemble. IT IS NOT THE RESPONSIBILITY OF THE DIRECT ACCOUNT. It is the responsibility of direct account to advise RJR management.
7. Under NO circumstances shall the direct account sell any of these Value Added romotions to non-authorized accounts.
8. The direct account MUST submit payment request for "assembly of promotions" no later than "2 weeks" after shipment to retail for each promotion.
9. As information, RJR will conduct audits of retail accounts to ensure retail delivery of promotions.
10. Failure to adhere to the above mentioned will result in discontinuance of the Value-Added Program.

We appreciate your cooperation and look forward to a successful year in 1995.

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